

Message Text

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ACTION NEA-10

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FOR NEA ONLY

E.O. 11652: GDS
TAGS: MNUC, PK, US,
SUBJECT: NONNUCLEAR ENERGY ALTERNATIVES FOR PAKISTAN-BACKGROUND
PAPER

REFERENCES: (A) STATE 53196 (B) ISLAMABAD A-34 (C)
ISLAMABAD 0060

1. THE EMBASSY AGREES THAT A PROGRAM OF NONNUCLEAR ENERGY COOPERATION COULD PROVE A HELPFUL ELEMENT OF A BROADER PACKAGE OF INCENTIVES FOR PAKISTAN TO BE RESPONSIVE TO OUR PROLIFERATION CONCERNS. WE STRESS AGAIN, HOWEVER, THAT THE PROSPECT OF SUCCESS IN PERSUADING THE PAKS TO GIVE UP THEIR REPROCESSING PLANT PROJECT WITH FRANCE WILL DEPEND PRINCIPALLY ON OUR ABILITY TO CONVINCE THEM THAT WE UNDERSTAND, SHARE AND ARE PREPARED TO DO SOMETHING ABOUT THE SECURITY CONCERNS WHICH WERE THE PRIMARY REASON FOR PAKISTAN'S DECIDING INITIALLY TO GO AHEAD WITH IT. OTHER ELEMENTS CAN BE USEFUL ADD-ONS TO A PACKAGE, BUT SECURITY INPUTS WILL BE THE CRUCIAL INGREDIENTS.

2. WE BELIEVE THAT OVER THE LONGER-RUN, A PROGRAM OF NON-NUCLEAR ENERGY COOPERATION COULD ALSO BE USEFUL IN LEADING
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PAKISTAN TO LOWER ITS NUCLEAR ENERGY TARGETS. THIS COULD ALSO BE USEFUL TO OUR NON-PROLIFERATION EFFORTS. WE ARE THINKING HERE OF THE ARGUMENTS PUT FORWARD BY ALBERT WOHLSTETTER'S RECENT (AND WE SUSPECT, INFLUENTIAL) ARTICLE IN FOREIGN POLICY IN WHICH HE MAINTAINS THAT THE MORE WIDESPREAD "PEACEFUL" APPLICATION OF NUCLEAR ENERGY, THE MORE OPPORTUNITIES WILL FOLLOW FOR THE DIVERSION OF NUCLEAR

MATERIAL TO WEAPONS PURPOSES.

3. ON THE SPECIFICS OF THE OES PAPER TRANSMITTED VIA REFTEL, WE WOULD NOTE THAT THE DISCUSSION OF PAKISTAN'S NONNUCLEAR ENERGY POTENTIAL CONTAINS A NUMBER OF INACCURACIES, OMISSIONS, AND MISLEADING STATEMENTS. COMMENTS BELOW ARE KEYED TO THE PARAS IN REF (A).

4. PARA 4.B.: STATEMENT THAT "PAKISTAN HAS EXTENSIVE NON-NUCLEAR ENERGY RESOURCES" IS MISLEADING. THIS STATEMENT, AS WELL AS MOST OF THE DISCUSSION ON OIL IN PARA 5.A. AND HYDRO POWER IN PARA 9.C., IS APPARENTLY BASED ON REPORT PREPARED BY CANADIAN CONSULTANTS ACRES INTERNATIONAL. OUR VIEW OF THIS STUDY, WHICH IS SHARED BY GOP OFFICIALS CONCERNED WITH ENERGY RESOURCES, IS THAT IT WAS VERY POOR. IT TOOK AS ITS ESTIMATES OF PAKISTAN ENERGY RESOURCES THE MAXIMUM THAT WOULD BE TECHNICALLY POSSIBLE TO FIND, WITHOUT REGARD TO THE ECONOMIC FEASIBILITY OF EXPLOITING THEM. EVEN THIS STUDY, WITH ITS EVIDENT OPTIMISTIC BIAS, INDICATED THAT PAKISTAN HAS ONE OF THE WORLD'S LOWEST BTU/CAPITA ENERGY RESERVES.

5. PARA 5.A.: DISCUSSION OF OIL: OUR UNDERSTANDING IS THAT THE RESERVE POWER CITED AS THE "GEOLOGIC POTENTIAL" IN THE CANADIAN STUDY WAS BASED ON THE ASSUMPTION THAT EVERY HOLE DRILLED WOULD CONTAIN OIL. WE REGARD THIS AS AN UNREALISTIC FIGURE AS A RESULT.

6. PARA 5.A. APPEARS TO HAVE OMITTED THE GAS CONDENSATE
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FIND AT DHODAK ANNOUNCED LAST DECEMBER BY THE GOP. ALTHOUGH THERE ARE INDICATIONS THAT THE 200 MILLION BARREL FIGURE CITED BY THE GOP IN CONNECTION WITH THIS STRIKE MAY TURN OUT TO BE SOMEWHAT OPTIMISTIC, THE STRIKE HAS CLEARLY PLACED WITHIN REACH THE EXPLOITATION OF WHAT FOR PAKISTAN IS A FAIRLY SIGNIFICANT AMOUNT OF PETROLEUM. REF (C) GIVES THE EMBASSY'S ESTIMATE OF THE DHODAK STRIKE.

7. PARAS 7 AND 8: DISCUSSION OF COAL: THE FIGURE CITED HERE ACCORDS WITH OUR IMPRESSIONS, THAT WE BELIEVE THE TONE IS PROBABLY A BIT OPTIMISTIC. FOR FURTHER INFORMATION, SEE EMBASSY MINERALS REPORT IN REF (B).

8. PARA 9: HYDRO POWER: ESTIMATED POTENTIAL OF 20,000 MW IS, AS WE UNDERSTAND IT, THE MAXIMUM THAT WOULD TECHNICALLY BE POSSIBLE WITHOUT REGARD TO ECONOMIC FEASIBILITY. DISCUSSION OF TARBELA DAM SHOULD ALSO BE REVISED TO READ: "THE FULL COMPLEMENT OF POWER GENERATION FACILITIES ASSOCIATED WITH THE TARBELA DAM ON THE INDUS RIVER, SCHEDULED

FOR COMPLETION IN 1981/82, WILL ADD AN ADDITIONAL 2,300 MW."

9. PARA 10: PROPOSAL TO HARNESS SMALL FALLS IS A GOOD IDEA, THOUGH ONE SHOULD NOTE THAT NOT MANY OF THESE ARE LOCATED NEAR AREAS WITH LARGE POPULATIONS. US ASSISTANCE IN HELPING TO CUT TRANSMISSION LOSSES IS AN EXCELLENT PROPOSAL.

10. PARA 11: NATURAL GAS: ONCE AGAIN, DISCUSSION FAILS TO TAKE INTO ACCOUNT THE DHODAK STRIKE. IT ALSO FAILS TO TAKE INTO ACCOUNT GOP PLANS FOR USING BOTH PREVIOUSLY EXPLOITED GAS RESERVES AND POSSIBLE NEW ONES AT DHODAK. GAS IN MARI AND SUI FIELDS, CURRENTLY BEING EXPLOITED, IS FULLY COMMITTED TO EXISTING ENERGY AND OTHER PROJECTS AND TO THREE MAJOR NEW FERTELIZER PLANTS CURRENTLY UNDER CONSTRUCTION OR PLANNED. A FEW SMALL DEPOSITS
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OF "SOUR" GAS MIGHT BE DEVELOPED FOR ENERGY USES WITH BETTER TECHNOLOGY. CONCEIVABLY, GAS RECOVERED FROM DHODAK COULD BE USED FOR ENERGY PURPOSES
THOUGH OUR
PRELIMINARY IMPRESSIONS ARE THAT IT WOULD BE BETTER SUITED FOR DEVELOPING A PETROCHEMICAL INDUSTRY.

11. PARA 12: THE MOST RECENT ESTIMATE WE HAVE SEEN ON GAS LIGUEFACTION INDICATED THAT IT WOULD NOT BE ECONOMICALLY FEASIBLE UNLESS PAKISTAN FOUND AN ADDITIONAL DEPOSIT OF THE SAME SIZE AS SUI FIELD (ABOUT 9 TRILLION CUFT).
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